

MONTANA BOARD OF HOUSING

301 S Park Ave, Rm 228

Helena MT 59601

March 15, 2005

ROLL CALL OF BOARD

MEMBERS: Bob Thomas, Chairman (Present)
Judy Glendenning, Vice Chairman (Present)
J.P. Crowley, Secretary (Present)
Susan Moyer (Present)
Audrey Black Eagle (Present)
Jeff Rupp (Present)
Betsy Scanlin (Present)

STAFF: Bruce Brensdal, Executive Director
Bob Morgan, Single Family Program Manager
Mat Rude, Multifamily Program Manager
Scott Hoversland, Accounting & Finance Manager
Jeannie Huntley, Promotion Manager
Charlie Brown, Single Family Program Specialist
Gerald Watne, Multifamily Program Officer
Mary Bair, Multifamily Program Specialist
Justin Schedel, Multifamily Program Specialist
Jeannene Maas, Training & Development Specialist
Vicki Bauer, Assistant Accounting & Finance Manager
Julie Flynn, HOME Program Manager
Diana Hall, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt

OTHERS: John Wagner, Kutak Rock
Peter Nolden, UBS Financial
Gordon Hoven, Piper Jaffray
Bill Tierny, RBC Dain Rauscher
Jerry Hoover, D. A. Davidson & Co
Patrick Klier, Summit Management Group
Scott C. Long, Summit Management Group
Melissa Hartman, Miles City Housing Authority
Lance Hawk, Community Housing Investment Program (CHIP)
Aldo A. Rowe, CHIP
Ester Distad, City of Lewistown – District VI HRDC
Troy Wilson, Blackfeet Housing

Clarence Gilham, Blackfeet Housing
Cindy Donnell, USDA Rural Development
Craig Rief, Genworth Financial (GE Mortgage Ins.)
Tim German, Sparrow Group
Don Sterhan, Mountain Plains Equity Group
Jeff Miller, RMDC Inc.
Maureen Rude, Fannie Mae
Sheila Rice, NHS/MHN
Rich Cornwell, NHS
Dab Dabney, Farmhouse Partners
Steve Redinger, Intermountain Mortgage

CALL MEETING TO ORDER & PUBLIC COMMENTS

Chairman Bob Thomas called the meeting to order at 8:30 a.m. He asked the Board, staff, and guests to introduce themselves. He asked for comments from the public.

APPROVAL OF MINUTES

Susan Moyer moved to approve the February 14, 2005 Board minutes. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

SINGLE FAMILY PROGRAM

Bob Morgan presented the REO status report shows Montana Board of Housing (MBOH) has only one property in Belgrade. Bob said the only properties that MBOH gets back are Rural Development properties because the other are conveyed to either VA for FHA. Bob gave the Mortgage Credit Certificate (MCC) summary report. The MCC Program has 26 certificates issued and 2 reserved.

Bob showed a report comparing MBOH interest rates with other states on a 30-year fixed rate. He gave an update on the 2004 C Program. There have been 109 loans reserved for \$12,047,522 and 382 loans have been purchased for \$34,412,918 in the 2004 C Program. It has been over reserved to allow for dropouts and cancellations. Bob gave a report on how the reservation activity history which compares the number of loans each month with the previous year. The zip code report shows that \$8,298,388 has been reserved for the Bridge Program. The reservation monthly history report compared the amount of purchases and reservation for each month since 1996.

Bob introduced Peter Nolden from UBS Financial Services and John Wagner from Kutak Rock to discuss a new bond issue. Peter presented a chart showing the 10-year Treasury rates from January 2005 to date. He said the rates are increasing due to the falling value of the U.S. dollar, the US deficit and the cost of the war. Another chart compared the 30-year treasury curve comparing March 8, 2004 with March 8, 2005, which showed the curve has flattened. Peter gave the timeline for the new bond issue. John Wagner explained the draft of the Resolution. Susan Moyer moved to proceed with \$90 million of lendable proceeds in a new bond issue. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Bob said the local rates are 5½% and 5.75%. MBOH has a rate of 5.5%. Susan Moyer moved to set the rate at

5.5% and allow staff to either raise or decrease the rate by .25%. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Bob explained the HUD increased income limits. Judy Glendenning moved to raise the income limits to the HUD recapture amount. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Bob presented the setaside summary, which shows \$26,913,721 committed to setasides. He introduces Sheila Rice from NHS/MHN who gave a summary of her programs and requested \$5 million to NHS. Judy Glendenning moved to give \$5 million to NHS setaside program. Audrey Black Eagle seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Esther Distad of the District 6HRDC and City of Lewistown requested \$840,000 for first-time homebuyer down payment and closing cost assistance. Judy Glendenning moved to approve the \$840,000 setaside for the City of Lewistown. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Bob said the HUD 184 is increasing in demand. Susan Moyer moved to add \$1 million to the HUD 184 Program. Audrey Black Eagle seconded the motion. The Chairman asked for public comments. The motion passed unanimously. Cindy Donnell of Rural Development gave an overview of the Mutual Self-Help Program. Ten families work together to complete all the houses. Judy Glendenning moved to put \$500,000 in the Rural Development Self-Help Program. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed with Susan Moyer opposing the motion.

Bob introduced Greg Rief from Genworth Financial (formerly GE Mortgage Insurance) who gave a presentation on the insurance options they offer. Many other state housing agencies are using their product.

MULTIFAMILY PROGRAM

Bruce asked guests, Board members, and staff to introduce themselves. He said Mat will give a summary of each project including a Power Point presentation of pictures of the sites. Then a representative of each project will be allowed to address the Board with comments.

Mat said all the projects this year are family projects. The Nicole Court, Phase II, in Stevensville was the only small project. The project has 8 three-bedroom units. The project scored 86 points.

The Lincoln Springs Project is in Billings. It has 49 family units, ranging from 2,3, & 4 bedrooms. The project scored 103 points.

The Baxter Apartments are in Bozeman. It has 47 units that are 1 & 2 bedrooms. The project scored 92 points.

The North Country Estates Project in Browning proposes 25 single-family houses. The houses will be rental units. The project scored 113 points.

The Fort Belknap Renovation Project in Fort Belknap has 52 units. They are 2-4 bedroom units. The project scored 108 points.

The Mountain View, phase II, is in Hamilton. The project scored 93 points.

The Old Holy Rosary Hospital Housing Project is in Miles City. They propose to renovate it into 21 units that are 1,2, & 3 bedroom units. The project scored 107 points.

The Union Place II Project is in Missoula. It proposes 30 two and three bedroom units. The project scored 89 points.

The Mission Mountain Manor is in Ronan. The project scored 87 points.

The Taylor Meade Apartments are in Plains. The project scored 86 points.

Mat said that staff recommended allocating funds fully to the top six scoring projects (with the exception of the Baxter Apartment which would be about \$11,000 short of their request) at 100% of the tax credits available. Susan Moyer moved to approve the 6 projects as recommend by staff. Judy Glendenning seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Bruce introduced Don Sterhan with Mountain Plains Equity Group, who gave an overview of who they are and what they do.

Mat said the Orchard Grove Tax Credit Project in Missoula has declined their request for a loan and are looking for more conventional financing.

Mat presented two exceptions to the \$10,000 lump sum payment for the Reverse Annuity Mortgage (RAM) program. The first exception to the lump sum payment was to payoff a mortgage for 74-year old gentleman. J.P. Crowley moved to accept the first exception request. Susan Moyer seconded the motion. The Chairman asked for public comments. The motion passed unanimously. The second request has a lump sum exception and age exception for a very low-income disabled lady whose house will go into foreclosure without the assistance. Susan Moyer moved to approve the Lump Sum limit and age limit exception request contingent on a subordination or write off of the second mortgage from Ronan Housing Authority. J.P. Crowley seconded the motion. The Chairman asked for public comments. The motion passed unanimously.

Accounting Program

Scott Hoversland presented the Budget Report ending December 31, 2004 with 50% of the year elapsed. MBOH has spent 34.86% of the budget. He explained the average yield report and the diversification report. The Board will look at the Investment Policy at the next meeting.

Promotional Program

Jeannie Huntly updated the Board on 4 upcoming events. MBOH will host an event in the rotunda with Montana Homeownership Network to celebrate their 2500th home loan on April 20th. The second event is to educate and promote the Teacher's Program with 6 lenders in May in Victor and Florence. The third event is Plan Book signings in Great Falls, Hamilton, Miles City, and Sidney. The final event is for the Montana House as it moves from Anaconda to Great Falls.

EXECUTIVE DIRECTOR'S UPDATE

Bruce Brensdal said there is one bulk ticket left. Betsy expressed interest in using the ticket.

Bruce presented a training schedule. Bob Thomas, Betsy Scanlin, Judy Glendenning, and Bruce Brensdal gave a report on the NSCHA Legislative Conference in Washington DC and the housing issues that were discussed.

Bruce discussed future meeting dates and locations. The next meeting is scheduled for April 20th in Helena. Meetings are tentatively scheduled for May 16th in Helena, June 14th in Big Timber, July 18th in Missoula, August 15th in Libby, September 12th in Red Lodge, October 17th in Helena, and November 21st in Helena.

The meeting adjourned at 11:35 a.m.

J. P. Crowley, Secretary

Date